



SACRAMENTO - SAN JOAQUIN
DELTA CONSERVANCY

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Consideration of Delta Conservancy Budget Report

Requested Actions: To inform the Board on additional financial assistance received from the Delta Stewardship Council, to review and approve Spring Finance Letter for FY 2011-12 and to review the Delta Conservancy's Budget for Fiscal Years (FYs) 2010-11 and 2011-12.

Summary

This report provides; 1) information on additional financial support from the Delta Stewardship Council (DSC) to the Conservancy for FYs 2010-11 and 2011-12; 2) information on the Spring Finance Letter for FY 2011-12; 3) a summary of estimated Conservancy expenditures for FYs 2010-2011 and 2011-2012, and; 4) needs for FY 2012-13 and beyond.

Financial support from the DSC will assist with immediate needs related to operational costs and strategic plan development. The request for additional financial support in the Spring Finance Letter is currently limited to completing the strategic plan and early implementation of high-priority small-scale projects. To date, staff have not identified a long-term source of funds to augment the Conservancy's baseline budget for staffing and operational costs moving forward.

Background

This report is based on the 2010 Budget Act baseline budget for the Delta Conservancy of \$1,329,000 for FY 2010-2011. Currently, the expected baseline budget for FY 2011-12 is also \$1,329,000. The Conservancy will submit a Spring Finance Letter to the Department of Finance in February 2011 requesting additional funding for FY 2011-12 for strategic plan development and early implementation of small-scale, but priority actions identified in the interim and final strategic plans. As described below, additional funding has been secured for the current and next fiscal years from the Delta Stewardship Council to assist with some operating costs, as well as strategic plan development. These funds will not be included in the Spring Finance Letter as they are not permanent changes to our baseline budget. In the Spring Finance Letter, the Conservancy will request \$200,000 from the Environmental License Plate Fund (ELPF) for fiscal year 2011-12 and \$150,000 per year after that for continued implementation of strategic plan actions until an additional source of funding can be secured (i.e. Water Bond passes, Federal dollars). These funds will increase our

baseline budget and are required to assist with final strategic plan development, implementation of small-scale, but high priority projects identified in the strategic plan and overhead costs directly associated with these tasks. Tables 1-3 below summarize; 1) the Conservancy's baseline budget from the 2010 Budget Act; 2) estimated expenditures for FY 2010-11, and; 3) estimated expenditures for FY 2011-12. This report also briefly describes additional needs and expected costs the Conservancy will have starting in FY 2012-13 that will warrant submitting a Budget Change Proposal (BCP) in fall of 2011.

Additional financial support from the Delta Stewardship Council

- \$150,000 (Prop 84 funds) for strategic plan development, split between FYs 2010-11 and 2011-12 and implemented through an interagency agreement
- DSC will purchase a new multi-function copier for the Conservancy, estimated cost around \$25,000
- DSC will assist the Conservancy with costs related to completing IT infrastructure in the Conservancy's new office
- DSC will provide office furniture and miscellaneous equipment for new office
- full administrative and contracting support through June 2012, estimated savings around \$80,000
- financial assistance for IT support through Resources Agency through June 2012 and implemented through an interagency agreement

Spring Finance Letter – request for additional funding

- Requesting \$200,000 for FY 2011-12 from ELPF for strategic plan development and early implementation of small-scale high priority projects
- Requesting \$150,000 for FY 2012-13 and beyond from ELPF for continued implementation of strategic plan projects and until long-term source of funding can be secured for project implementation
- No new positions will be requested for FY 2011-12
- No permanent source of additional funds have been identified to date for assisting with basic operational costs and additional staffing needs moving forward

Important Timelines

- Interagency agreement with DSC for \$150,000 is being developed for **February 1, 2011** start date, contract will end **June 2012**
- Spring Finance Letter for FY 2011-12 is due to Resources Agency by **February 1, 2011** and to Department of Finance by **mid-February 2011**
- Contracts for consultants for strategic plan development should be developed in **Spring 2011**
- Copier should be purchased by **May 2011**
- IT support contract (paid for by DSC) with Resources Agency should be in place by **July 1, 2011**

- Budget Change Proposal for FY 2012-13 will need to be submitted in **Fall 2011**
- Contracts for administrative support and contracting should be in place by **July 1, 2012**
- Contract with Resources Agency for IT support (not paid for by DSC) should be in place by **July 1, 2012**

Tables 1-3: Summary of Conservancy's approved budget and estimated expenditures for FYs 2010-11 and 2011-12

Table1. Delta Conservancy's budget per Budget Act for FYs 2010-11 and 2011-12 with DOF's calculated adjustments (dollars in thousands).

	Totals	Totals
	FY 2010-11	FY 2011-12
Approved Budget	1,329	1,329
Total reductions	(-55)	(-30)
Total Available Budget	1,274	1,299
Total Personal Services (w/adjustments)¹	701	698
Operating Expenses & Equipment	101	101
Reimbursements	472	500

1. Includes salaries, salary savings (5% and collective bargaining adjustments) and staff benefits at 32%.

Table 2. Delta Conservancy's estimated expenditures and savings for FY 2010-11 with salary savings from vacant positions (dollars in thousands).

	Totals
	FY 2010-11
Approved Budget	1,329
Total reductions	(-55)
Total Available Budget	1,274
Personal Services (w/adjustments)¹	460
Operating Expenses & Equipment	151
Contracts	56
Reimbursements	472
Savings from vacancies	135

1. Includes salaries, salary savings (5% and collective bargaining adjustments) and staff benefits at 32%.

Table 3. Delta Conservancy's estimated expenditures for FY 2011-12 (dollars in thousands).

	Totals
	FY 2011-12
Approved Budget	1,329
Total reductions	(-30)
Total Available Budget	1,299
Personal Services (w/adjustments)¹	626
Operating Expenses & Equipment	105
Contracts	91
Reimbursements	500
Savings from vacancies	0

1. Includes salaries, salary savings (5% and collective bargaining adjustments) and staff benefits at 32%.

Additional needs and expenses starting in FY 2012-13

- Administrative support (estimated cost \$80-100K annually)
- IT staff person (estimated annual salary/benefits \$91,000)
- IT support from Resources Agency/DWR (estimated cost \$20,000 annually)

To ensure the accuracy of all costs estimates associated with Conservancy activities, staff will work closely with the control agencies (i.e. Natural Resources Agency, Department of Finance and Department of General Services) in receiving and reviewing expenditure reports.

Contact

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